

## DAILY GLOBAL COMMENTARY

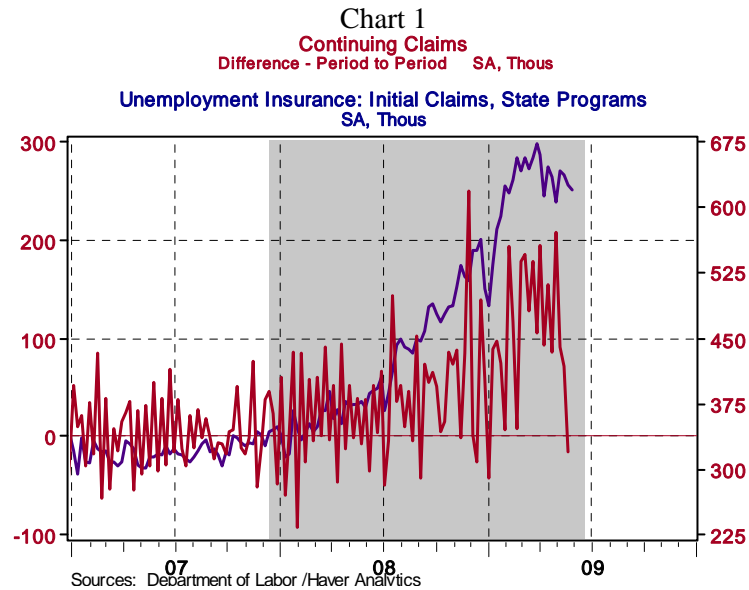
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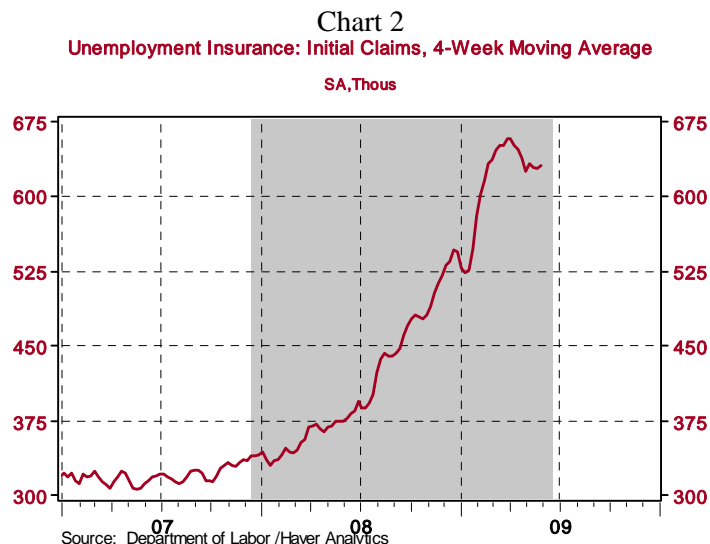
### Jobless Claims Report Points to Small but Noteworthy Improvements

June 4, 2009

Initial jobless claims fell 4,000 to 621,000 during the week ended May 30. Initial jobless claims have now dropped in four out of the last five weeks. Continuing claims, which lag initial claims by one week, fell 15,000 to 6.735 million, the first decline since January 3, 2009. The insured unemployment rate held steady at a revised level of 5.0%.



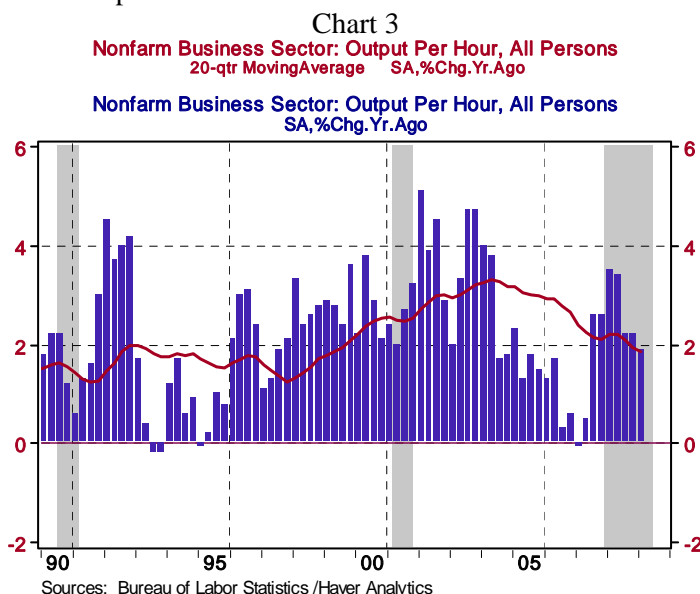
These small declines are noteworthy and are possibly the beginning of improving labor market conditions. Initial jobless claims appear to have peaked in March (658,000, see chart 2). A temporary setback in the weeks ahead will reflect the impact of Chrysler and GM restructuring. The employment report of May, scheduled for publication on June 5, will offer more insights about the labor market.



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## Revisions of Output Raise Productivity Estimate, Trend Needs to Improve

Productivity of the U.S. economy increased at an annual rate of 1.6% in the first quarter, which is an upward revision from the earlier estimate of a 0.8% gain. The upward revision reflects the upward revision of output. On a year-to-year basis, productivity rose 1.9% in the first quarter, virtually unchanged from the earlier estimate of a 1.8% increase. Productivity grew at a robust clip during the ten years ended 2005 (see chart 3). This trend has slowed notably and will have adverse repercussions in terms of the size of the nation's potential output in the years ahead if the productivity trend fails to improve.



### Productivity and Costs – 2009:Q1

	percent change from previous quarter at annual rate					2009-Q1(P)
	2008-Q1	2008-Q2	2008-Q3	2008-Q4	2009-Q1	
<b>Productivity</b>	2.6	4.7	2.2	-0.6	1.6	0.8
<b>Output</b>	0.9	2.8	-1.9	-8.8	-7.6	-8.2
<b>Hours</b>	-1.7	-1.7	-3.9	-8.3	-9.0	-9.0
<b>Unit labor costs</b>	1.1	-2.8	3.5	5.1	3.0	3.3
<b>Hourly Compensation</b>	3.7	1.7	5.7	4.5	4.6	4.1
<b>Real hourly compensation</b>	-0.8	-2.7	-0.4	14.0	7.1	6.6
<b>Implicit Price Deflator</b>	2.1	0.9	4.7	0.6	2.8	2.9
	percent change from corresponding quarter of previous year					2009-Q1
	2008-Q1	2008-Q2	2008-Q3	2008-Q4	2009-Q1	
<b>Productivity</b>	3.5	3.4	2.2	2.2	1.9	1.8
<b>Output</b>	2.8	2.1	0.3	-1.8	-4.0	-4.1
<b>Hours</b>	-0.6	-1.3	-1.9	-4.0	-5.8	-5.8
<b>Unit labor costs</b>	0.0	0.1	1.6	1.7	2.2	2.4
<b>Hourly Compensation</b>	3.5	3.6	3.9	3.9	4.1	4.2
<b>Real hourly compensation</b>	-0.7	-0.7	-1.3	2.3	4.3	4.4
<b>Implicit Price Deflator</b>	1.6	1.5	2.4	2.1	2.2	2.2

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